



# CALIFORNIA BUSINESS PROPERTIES ASSOCIATION

1121 L Street, Suite 501 · Sacramento, CA 95814 · Phone (916) 443-4676 · www.cbpa.com

*Protecting Commercial Real Estate for Over 50 Years*

## **AB 98: A Major Blow to Logistics Development in California CBPA Legislative Summary: Key Changes Under AB 98**

This summary is intended to provide CBPA members with an overview of the key changes introduced by AB 98, effective January 1, 2025. While this document outlines the significant provisions and implications of the bill, it is not intended to serve as legal advice. Members are encouraged to consult with legal counsel for specific guidance on compliance with AB 98.

### **Overview:**

**AB 98 (Carrillo and Reyes)** introduces sweeping new regulations that threaten the viability of logistics and warehouse development in California. The bill imposes stringent design, operational, and environmental standards on logistics use facilities, especially those involving heavy-duty trucks. These regulations could stifle the logistics industry—an essential component of California’s economy—by making it more costly and difficult to develop or expand facilities. AB 98 places a heavy burden on developers and operators, especially in regions where logistics plays a critical role in supply chain infrastructure.

### **Key Provisions of AB 98:**

- **Statewide Design and Build Standards:**

AB 98 mandates that all logistics developments adhere to new state-imposed standards, including:

- Orienting truck loading bays away from sensitive receptors like homes and schools, which limits where facilities can be built.
- Requiring minimum distances between loading bays and residential areas, potentially rendering prime logistics locations unusable.
- Enforcing noise and light mitigation standards through buffering and screening, adding significant cost to projects.
- Mandating installation of electric vehicle (EV) infrastructure and zero-emission forklifts, escalating operational costs.

- **Severe Restrictions Near Sensitive Receptors:**

Logistics facilities within 900 feet of sensitive receptors must follow even stricter design and operational standards, making it nearly impossible to develop in key urban and suburban areas where logistics centers are most needed.

- **Burden of Truck Routing Plans:**

Facility operators are now required to submit truck routing plans that prevent trucks from traveling near residential and sensitive areas. This will complicate operations, increase transportation costs, and make it more difficult to meet delivery timelines.



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- **Two-for-One Affordable Housing Replacement Requirement:**

If housing is demolished for logistics use, developers must replace two units of affordable housing for every unit demolished. This adds enormous financial strain to logistics projects, particularly in urban regions where land use is already a contentious issue.

### **Impact on the Logistics Industry and Commercial Real Estate (CRE):**

The far-reaching impact of AB 98 could cripple logistics development in California. These regulations add significant costs and logistical challenges that could deter developers from pursuing projects in the state. Compliance with these new mandates will not only increase the cost of development but also force companies to reevaluate the feasibility of expanding their operations in California.

The two-for-one affordable housing replacement requirement further compounds these difficulties, adding complexity to already tight development margins.

In addition, the strict truck routing and facility location regulations could force logistics companies to shift operations elsewhere, potentially increasing costs for consumers as companies look for less restrictive environments outside of California.

### **CBPA's Position:**

CBPA strongly opposed AB 98 due to its disproportionate impact on logistics development and the commercial real estate industry. The bill prioritizes environmental considerations without accounting for the practical realities of logistics operations. The added financial and operational burdens imposed by this bill will stifle growth and harm a key sector of California's economy. CBPA remains committed to fighting for more balanced regulations that support both sustainable development and industry needs.

### **Looking Forward:**

As AB 98 takes effect, logistics developers and property owners must prepare for a new regulatory landscape. The increased costs and restrictions imposed by this law may force a rethinking of development strategies and logistics operations across the state. CBPA will continue to advocate for legislative reforms that address the severe challenges created by AB 98 while working with members to navigate this complex new environment.